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MEETING OF THE SUFFOLK COUNTY

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HOMEOWNER'S TAX REFORM COMMISSION AND

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PUBLIC HEARING TO ASCERTAIN VIEWS OF

10

COUNTY RESIDENTS HELD ON THE 1ST DAY

11

OF NOVEMBER, 2006 AT THE AUDITORIUM;

12

725 VETERANS HIGHWAY, HAUPPAUGE,

13

NEW YORK AT 10:20 A.M.

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1 MEMBERS PRESENT:

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3 WILLIAM J. LINDSAY, Chairman

4 Presiding Officer, SC Legislature

5 LYNNE C. NOWICK, Co-Chairperson,

6 Legislator, District #13

7 JOSEPH SAWICKI, JR., SC Comptroller

8 DR. ROBERT LIPP, Director, Office of Budget Review

9 MICHAEL BERNARD, Babylon Town Assessor

10 ESTHER BIVONA, President SC Tax Receivers

11 GARY D. BIXHORN, Executive Director,

12 Nassau-Suffolk School Boards Association, Inc.

13 DANIEL A. BAHR, NYSUT Regional Staff Director  
14 DR. PEARL KAMER, Chief Economist, LI Association  
15 LISA TYSON, Director LI Progressive Coalition  
16 CELINE GAZES, Chairperson, Council of LI Region of the  
17 NYS Government Officers Association  
18 MELVYN FARKAS, LI Board of Realtors  
19 CHRISTINA CAPOBIANCO, Chief Deputy,  
20 Office of SC Comptroller  
21 PATRICK BYRNE  
22 JAMES KADEN  
23 PHILIP AMMIRATO, Senior VP National Bank  
24  
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1 (THE MEETING WAS CALLED TO ORDER AT 10:20 A.M.)

2 CHAIRMAN LINDSAY: Okay. I apologize for the  
3 delay, so we're going to start. If everybody can rise, for the  
4 pledge of allegiance.

5 (SALUTATION).

6 CHAIRMAN LINDSAY: I don't have any presentations

7 for today. And I just wanted to -- mainly, today's meeting is to  
8 talk about the process of where it goes from here and some really  
9 housekeeping things. A couple of things have happened. You  
know,

10 we passed out the introduction that Robert Lipp composed at the  
11 last meeting, which I asked you all to take a look at it.

12           There has been some collaboration between I guess  
13 Gary, right, and Robert, to do the piece on, on -- the introduction  
14 basically says that the systems broke and it needs to be fixed.  
15 And the three choices that we've talked about is, one, to keep the  
16 system the way it is now, but to make internal changes. That  
17 portion hasn't been done yet. And it's not that the information  
18 didn't go from Gary to Robert. It's just that we're wrapping up  
19 our operating budget this week, and Robert's been really --

20           MR. LIPP: Inundated.

21           CHAIRMAN LINDSAY: -- inundated. But we will get  
22 that to you guys via e-mail, by no later than the second week in  
23 November. Okay. The third portion, or the second choice is that  
24 if the system isn't -- can't be corrected, and we throw it out, and  
25 create a new system, we have a draft of the second  
recommendation,

1 about a limited income tax. I have a very rough draft today that  
2 we'll pass out to you, that you can take with you, and look over,  
3 and comment on.

4 The third piece was, by my recollection, is what we  
5 talked about -- is finding other funding streams to create, for a  
6 better lack of a word, the stabilization pool, to stabilize school  
7 taxes in districts. And I thought we would have some discussion  
8 about that today, to see if we could formulate where we're going  
9 with that. And in my opinion, that's, that's really the whole  
10 report -- it's why the system isn't working, and three ways that  
11 you can change it.

12 Before we start talking about choice number three, I  
13 just have to get a feel from -- for what you would like to do. My  
14 intent is to have this printed in hard copy, by the end of the  
15 year.

16 Within the last couple of weeks, I was contacted by  
17 Assemblywoman Fields, and she had a request that I thought was  
18 rather unique. And I think that might be advantageous to us all,  
19 when the process is done. And she would like to meet sometime

in

hear

20 early January, after our report is completed. And she wants to  
21 take some of the tax writing people from Albany down here, to  
22 our recommendations, and to have some dialogue about what's  
23 possible, what isn't possible. And I thought that was a positive  
24 development, because we could write the greatest report in the  
25 world, with the best suggestions in the world, and if somebody in

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1 Albany isn't listening to us, we are just spinning our wheels.

2 DR. KAMER: Would that occur before we release our  
3 report?

4 CHAIRMAN LINDSAY: No. What she envisioned was  
5 afterwards, that the report is in print. I don't -- and I kind of  
6 agree with that. But I don't -- I'd rather have our ideas  
7 free-flowing here, and not have it influenced by the existing  
8 bureaucracy.

9 DR. KAMER: Okay.

10 CHAIRMAN LINDSAY: And you know, they're liable to  
11 come down and say all your ideas are all wet, you know. Yes,  
Lisa.

12 MS. TYSON: I think the question is, who is them?

13 Who is they? So, what tax people does she mean?

14 LEG. NOWICK: Yes, that's what I was going to ask

15 exactly.

16 CHAIRMAN LINDSAY: I don't know, but I will get a

17 clear understanding of who. She mentioned some peoples' names

to

18 me. But it may not mean anything to me, but it might mean

19 something to other people. And, you know, if you guys think it's a

20 good idea, you know, maybe we should send out an invitation to

our

21 entire Long Island Delegation --

22 DR. KAMER: Yes.

23 CHAIRMAN LINDSAY: -- both the Assembly and Senate.

24 DR. KAMER: Yeah, I would.

25 CHAIRMAN LINDSAY: And see if -- but it would give

1 some finality to the process. And, you know what, again, if -- you

2 know, they might not agree with anything that we've done. But at

3 least, nobody can say that they didn't hear about it.

4                   Go ahead.

5                   LEG. NOWICK: Yes. Just as a comment, when we  
6 started this, we knew about our jurisdictional limitations. And  
7 this, this completes what we had in mind. The idea was, after we  
8 discussed this, most importantly, we bring this to our State  
9 representatives. So, short of traipsing up to Albany, invite  
10 everybody that represents us here in Suffolk County and this is --  
11 and then we do our job. And we have to be strong about it, I  
12 think.

13                  CHAIRMAN LINDSAY: So, if everyone is in agreement  
14 with that process, the Assemblywoman asked me to find a  
Thursday or  
15 a Friday, in early January.

16                  MR. BERNARD: I think they go back into session  
17 the third Monday in January, the second or third Monday.

18                  CHAIRMAN LINDSAY: Well, she's even anticipating  
19 that they might be called in early. So, that's why she said to be  
20 safe --

21                  MR. BERNARD: Usually, they're done on Wednesdays.

22                  CHAIRMAN LINDSAY: -- yeah, have it on a Thursday  
23 or Friday she said, somewhere around there.

24                   If that's all right with everybody, is,  
25   calendar-wise, is there any specific -- why don't we pick the

7

1   second Thursday.

2                   LEG. NOWICK: The Eleventh?

3                   DR. KAMER: January Eleventh. What time.

4                   CHAIRMAN LINDSAY: 11:00, does that work for  
5   everybody? Do you want it 10:00?

6                   LEG. NOWICK: 10:00 is good.

7                   CHAIRMAN LINDSAY: 10:00 is better than 11:00.

8                   MR. BERNARD: Yes.

9                   DR. KAMER: 10:00 is a little better than 11:00.

10                  CHAIRMAN LINDSAY: All right, make it 10:00.

11                  LEG. NOWICK: Here.

12                  CHAIRMAN LINDSAY: And that, you know, puts  
13   pressure on us to finish the thing, too.

14                  DR. KAMER: You're going to be passing out the  
15   second element, the rough income tax. Can we discuss that  
today?

16   Can we pass that out early and try to discuss it?

17 CHAIRMAN LINDSAY: Sure. Sure. And the other  
18 thing in terms of housekeeping, I do not have any other meetings  
19 scheduled. Do you want to do everything from here? I was  
hoping  
20 to have a discussion, today, about -- the least component is the  
21 reserve fund -- so that we could get some direction in the draft  
22 process.

23 DR. KAMER: If we can discuss the second and the  
24 third component today, then you can probably do everything by  
25 e-mail then.

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1 CHAIRMAN LINDSAY: Well, that's what I was going  
2 to suggest. If not, I was looking at the first week or the latter,  
3 the Sixth, Seventh, or Eighth of December, to do the final approval  
4 of the draft. If you think we can do that by e-mail, that's fine  
5 by me.

6 MR. KADEN: Why don't we say that if it goes by  
7 e-mail, and if it doesn't go, then we can still -- you know.

8 CHAIRMAN LINDSAY: All right. But just to keep in  
9 mind that --

and

10 MR. LIPP: I don't think we need to do it by  
11 e-mail. I got to tell you, if somebody has a problem and responds  
12 by e-mail, you're not going to be able to speak with everybody,  
13 it's going to be problematic. You need to get a draft out, come  
14 back and say this is good, bad, or indifferent, and then go off and  
15 finish it.

16 MR. KADEN: Well, I think we have to have the  
17 draft in advance, though, so that we can have comments --

18 CHAIRMAN LINDSAY: Absolutely.

19 MR. KADEN: -- not that we review the draft at a  
20 meeting and then we need three more meetings.

21 CHAIRMAN LINDSAY: -- absolutely. Well, this is  
22 the income tax component. The other component about fixing the  
23 existing system, we will have to you, by the second week of  
24 November. And hopefully, the last piece, we can talk about today,  
25 and that would probably follow towards the end of the month. Let

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1 me pass this thing down.

2 MS. TYSON: I think we had another meeting on the

3 17th of November. I thought that was scheduled, but maybe I'm  
4 wrong.

5 LEG. NOWICK: Of November?

6 MS. TYSON: Yeah.

7 CHAIRMAN LINDSAY: I didn't have --

8 MR. BERNARD: I think that was the date that we  
9 were --

10 CHAIRMAN LINDSAY: -- I didn't have that, Lisa.

11 MS. TYSON: No, I don't have it either.

12 MR. BERNARD: I have it.

13 CHAIRMAN LINDSAY: You have it; yes?

14 MR. BERNARD: Yeah.

15 MR. KADEN: Everybody has this?

16 MR. BIXHORN: No.

17 MR. KADEN: Yeah, I think it was potential dates.

18 CHAIRMAN LINDSAY: Yeah, I had passed out a bunch  
19 of dates that, you know, were potential dates, depending on the  
20 calendar.

21 The document that's just given to you today, I'd  
22 like to just clarify that it's in very rough form. The ladies just  
23 finished typing it a little while ago. So, you know, it's

24 something to look at.

25 Okay. Getting back to the date, we have two

10

1 versions here of the date in December, of doing it by e-mail or  
2 scheduling another meeting in early December. What is your --  
3 what's the feeling? Maybe I'll start left to right. What do you  
4 want to do, Gary?

5 MR. BIXHORN: I think we need another meeting.

6 MR. KADEN: I think another meeting, too.

7 MR. BYRNE: I agree on that.

8 MS. BIVONA: I agree.

9 LEG. NOWICK: This would be the final meeting;  
10 right?

11 CHAIRMAN LINDSAY: Does anybody have a  
12 preference of Six, Seven, or Eight of December?

13 DR. KAMER: I'm gone from the Seventh on, and the  
14 Sixth is occupied. Can you do it a little earlier in December?

15 LEG. NOWICK: I have a meeting on the Fifth.

16 CHAIRMAN LINDSAY: We have a Legislative meeting

17 on the Fifth. I could probably do it on the Fourth?

18 DR. KAMER: That's fine with me.

19 LEG. NOWICK: I'm not here.

20 CHAIRMAN LINDSAY: You're not here. The Eighth?

21 LEG. NOWICK: The Fifth is the warrants.

22 MR. BERNARD: The Fifth is the warrants, so can we  
23 do anything before that.

24 CHAIRMAN LINDSAY: Do you want to go into the next  
25 week?

11

1 LEG. NOWICK: I'm gone all week.

2 CHAIRMAN LINDSAY: Is that all week?

3 MR. GAZES: So, am I. I'm gone the whole week.

4 CHAIRMAN LINDSAY: And after that, it just gets  
5 crazy.

6 LEG. NOWICK: What about the --

7 CHAIRMAN LINDSAY: The First?

8 MR. KADEN: December First?

9 DR. KAMER: No. I'm in the city that day. I'm  
10 meeting with the Assembly Ways and Means.

11 LEG. NOWICK: When is Thanksgiving, the 23rd?

12 MR. KADEN: The 23rd, yeah.

13 LEG. NOWICK: The 28th.

14 MR. BAHR: How's the 30th look?

15 DR. KAMER: Wednesday the 29th is good.

16 MR. BIXHORN: Not for me.

17 CHAIRMAN LINDSAY: Yeah. We have a problem with  
18 the auditorium. That week is committee week.

19 LEG. NOWICK: Monday afternoon, maybe we can  
20 finish the rest on Monday afternoon, the 27th?

21 CHAIRMAN LINDSAY: I don't know. I can check that.  
22 No, Monday there isn't any committee meeting. It's Tuesday, or  
so.

23 LEG. NOWICK: Are you sure? Monday, that's  
24 Environment.

25 MR. BIXHORN: Environment.

12

1 LEG. NOWICK: Monday's Environment --

2 CHAIRMAN LINDSAY: Yeah, Environment.

3 LEG NOWICK: But that's Monday morning. How about

4 Monday afternoon?

5 CHAIRMAN LINDSAY: Okay. Monday afternoon,  
6 the 27th?

7 LEG. NOWICK: Environment, that's Monday morning.

8 MR. BIXHORN: Monday morning.

9 CHAIRMAN LINDSAY: Monday afternoon, the 27th.

10 MR. BERNARD: What time in the afternoon?

11 MR. LIPP: I'm gone by 4:30 on Monday.

12 LEG. NOWICK: You're what?

13 MR. LIPP: By 4:30, I have to be out of here.

14 CHAIRMAN LINDSAY: We'll have it at 1:00. Is the  
15 Environment generally over by 1:00?

16 MR. BIXHORN: Yes, usually.

17 CHAIRMAN LINDSAY: Okay. The only thing that I  
18 would warn everybody is, that really gives us --

19 DR. KAMER: Very little time.

20 CHAIRMAN LINDSAY: -- very little time to draft.

21 MR. LIPP: What is that date again?

22 MR. BIXHORN: 27th of November.

23 CHAIRMAN LINDSAY: So, everything has to done by

24 the 27th, which, it gives us a little time to draft. But our print  
25 shops sometimes takes a little time to print things, too. So --

13

1 DR. KAMER: Better off sooner or later.

2 CHAIRMAN LINDSAY: Yeah.

3 LEG. NOWICK: Did you just say you were away on  
4 the 13th?

5 DR. KAMER: I'm away from the 7th to the 17th.

6 LEG. NOWICK: 17th.

7 CHAIRMAN LINDSAY: And Lynne, once you get beyond  
8 the first week of December, it's just an impossibility --

9 LEG. NOWICK: Yes.

10 CHAIRMAN LINDSAY: -- calendar-wise, you know.

11 All right, so November 27th at 1:00, we'll meet.

12 All right. And do you want to -- the first part,  
13 the introduction, everybody had that. Are there any comments,  
14 changes, different direction you'd like to go with that?

15 MR. LIPP: There, just to make note, I met with  
16 Gary and staff. And there are, you know, basically updating type  
17 changes that we'll be making in, you know, adjusting some of the

18 language. But, you know, for all intensive purposes, it's sort of,  
19 it's the way it is. There will be some, you know, changes made to  
20 make it cleaner copy.

21 CHAIRMAN LINDSAY: And the other thing that -- you  
22 know, the product that we're passing out is, is the basic verbiage.  
23 But it will be dressed up, and we'll add some charts, and some  
24 quotes, and make it more readable.

25 LEG. NOWICK: What are you working off?

14

1 CHAIRMAN LINDSAY: I'm working off of Robert's  
2 original draft. But I think there was a second -- wasn't there a  
3 second piece, too, that was added, Gary, to dress it up a little  
4 bit.

5 MR. BIXHORN: Yeah, that's the one.

6 CHAIRMAN LINDSAY: Yeah, I actually should go to the  
7 one that Kara dressed up a little bit. Do you want me to make  
8 copies of this and pass it out, in case you can't find it in  
9 your --

10 MR. BIXHORN: Yup.

11 CHAIRMAN LINDSAY: -- voluminous papers?

12 MR. BIXHORN: That would be great.

13 CHAIRMAN LINDSAY: Okay, let me do that. While

14 we're getting that done, in order to save time, do you guys want

to

15 take a few minutes, and we'll start reading the income tax one.

16 And then when we're done, we'll start working on the income tax.

17 DR. KAMER: Yeah.

18 CHAIRMAN LINDSAY: Okay.

19 MR. BERNARD: Bill, just a little thing. As

20 Chairman of the Board of Assessors, there's no such person as a

21 tax accessor [sic].

22 CHAIRMAN LINDSAY: Okay.

23 MR. BERNARD: It's there on the bottom of the next

24 page, as well.

25 CHAIRMAN LINDSAY: Is everybody ready to discuss

15

1 this? Go ahead.

2 DR. KAMER: Okay. Off the bat, I don't like the

3 opening. It says, if we cannot reform the existing funding system.

4 I think we have to say reform of the existing funding system is the  
5 first option, another option might be.

6 CHAIRMAN LINDSAY: Okay.

7 DR. KAMER: Okay -- because we don't want to  
8 start off in a defeatist mode.

9 CHAIRMAN LINDSAY: Give me that, again.

10 DR. KAMER: A reform of the existing property tax  
11 funding system is the first option. The second option might be the  
12 implementation of a residential income tax.

13 CHAIRMAN LINDSAY: Is everybody all right with  
14 that?

15 MR. LIPP: I think we're putting the cart before  
16 the horse.

17 MR. BIXHORN: Yeah. We should discuss the whole  
18 concept.

19 MR. LIPP: Yeah. Who cares about what the wording  
20 is. Let's talk about the concepts first.

21 CHAIRMAN LINDSAY: Well, you know, you could  
22 disagree with the concept, but to issue a report on changing this  
23 streaming -- how we fund our schools, without talking about the  
24 income tax would be disingenuous. I think it's probably one of the

25 things that's mentioned, more than anything else.

16

1 DR. KAMER: But I think we also have to stress  
2 that it's a flawed option. I know that you do so, in listing all  
3 the problems with it. But I think at the outset, you're going to  
4 have to indicate that it's much discussed, because it is a flawed  
5 option. I don't think we really can go ahead with the income tax.

6 And that leads to my second comment, which is on --

7 CHAIRMAN LINDSAY: But before you get to the  
8 second comment, the first comment went on for three paragraphs,  
to  
9 say what the problems are. I mean, I think if you wanted to add  
10 something else, it maybe should be added at the end.

11 DR. KAMER: Well, I'm not going to say where it  
12 should be added. But I think you have to come to a conclusion,  
13 that this may not be workable.

14 On page three you say, the system is reachable. The  
15 truth is, any hope of it working should restate why there is hope,  
16 because no matter how much you hedge this in, you're going to  
have

17 people rolling with their feet, and they will just move off of Long  
18 Island, to Westchester, or Rockland, or somewhere else. If you  
19 have a State-wide income tax, it has a better chance of working.

20 LEG. NOWICK: I have a question about this income  
21 tax. Just to clear up in my mind, let's assume the income tax was  
22 a go, if a couple lived in a home, after they filed their income  
23 tax separately -- you can do that, right, you don't have to --

24 DR. KAMER: Yeah, sure.

25 LEG. NOWICK: -- okay -- and the married couple

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1 said, okay, we'll put the house in the husband's name, and it's the  
2 husband's income tax, yet, she's making a hundred thousand. How  
do  
3 you base it, then, on income tax? Is it just on his, because he's  
4 the owner of the house?

5 DR. KAMER: Household income.

6 LEG. NOWICK: Household income, it doesn't matter  
7 who owns the house.

8 DR. KAMER. Right.

9 LEG. NOWICK: It's household, okay.

10 DR. KAMER: That wouldn't be the problem. But all  
11 of the other problems that you listed so specifically, are the  
12 problems. So, you know, we have to address the income tax. I  
13 agree with you, because so many people have talked to about it.

14 But this particularly, your last few paragraphs as  
15 to how it should work, implies that it's workable; right Gary --

16 MR. BERNARD: Come on Gary, 'fess [sic] up.

17 MR. BIXHORN: And it's not, are the three key  
18 words.

19 DR. KAMER: -- and it's not workable.

20 MR. BIXHORN: Yes. Well, I agree with Pearl. The  
21 fatal flaw, as far as I'm concerned, is with the income tax. And I  
22 think in terms of the feasibility of the income tax is that the  
23 structure of the entire system, as it stands, we have -- right now  
24 on Long Island, there are 125 school districts.

25 So, in essence, if the income tax were to be used --

18

1 then we have 125 different tax rates, to support those districts.

2 So, as long as school districts are going to be responsible, and

3 school boards are going to be responsible, for developing the

4 budgets and providing the programs for the kids in those 125  
5 separate school districts, you're going to need a 125 different tax  
6 rates, whether you do it by property tax, or by income tax, or any  
7 other, any other revenue source. So in essence, the -- and I don't  
8 know it's a fatal flaw, but the difficulty is in implementing  
9 125 different income tax rates, for just the school districts on  
10 Long Island, and if you expand that to State, you're talking about  
11 750 different rates.

12                   Because any other way you raise the revenues, one  
13 way or the other, as long as school districts are responsible for  
14 developing their own budgets, each one is going to be raising a  
15 different amount of money per pupil. And that's really -- that's  
16 the difficulty. You could establish an income tax and then  
17 distribute the money evenly, across all of the school districts.  
18 But at that point, districts are going to have to change their  
19 programs. And what Commack has traditionally offered, as  
opposed  
20 to Smithtown, as opposed to Half Hollow Hills, and Huntington,  
and  
21 Northport is, at this point, it's all determined by the local  
22 communities.

23                   If the money was redistributed and everybody got the  
24 same amount per pupil, there are programs that are currently  
being  
25 provided in districts that could no longer be provided. And there

19

1 are districts that would have to add programs.

2                   So, it's really much bigger than just the finance,  
3 because the finance supports the program that's being offered to  
4 all the students. So, I guess what I'm saying is the revenue  
5 system has to match the expenditure system. And the expenditure  
6 system in New York State is district by district, community based.

7                   CHAIRMAN LINDSAY: What I was attempting to do  
8 here and, you know, a lot of this came out of our discussions with  
9 Levinson (phonetic), about a modified dual system, where the  
10 industrial, commercial, and multi-family rental situation would  
11 go -- would continue, on a real estate tax. And only the  
12 owner-occupied homes, would go to an income tax.

13                   And I agree with you, it's an impossibility to  
14 establish 120 different tax rates. It would have to be a uniform  
15 tax rate. And what Levinson was advocating, the other pool of

16 money would be used to equalize, and that the income tax per  
17 district, school district, would go back to that school district.

18 And again, you're back to winners and losers. Commack, which  
19 probably has a very wealthy tax base, would probably generate

more

20 money from an income tax, than Wyandanch.

21 MR. BIXHORN: Which is a big problem, because that  
22 intends to exacerbate the differences between the haves and the  
23 have nots. It's the most regressive thing you could do.

24 CHAIRMAN LINDSAY: Well, that's, that's where the  
25 pool comes in, the second part of it.

20

1 MR. BIXHORN: Yeah. But you don't want to put in  
2 the pool, the biggest source of money, which would be the income  
3 tax on the wealthy districts, not the extra money that you got from  
4 non-owner occupied properties.

5 CHAIRMAN LINDSAY: Well, I don't know whether, I  
6 don't know whether that's the -- do you think that's the biggest  
7 part of the pool, the --

8 MR. BIXHORN: The income tax, yes.

9 CHAIRMAN LINDSAY: You don't think that the real  
10 estate tax derived from the industrial, commercial base would be  
as  
11 equal to the income tax revenue?

12 MR. BIXHORN: Well this, Levinson might know it to  
13 be more.

14 MR. LIPP: Assume it should be more. It would  
15 actually be --

16 MR. BIXHORN: If you assumed every district was  
17 equal. If you raised an income tax level enough to satisfy the  
18 poorest districts' needs, the richest districts would have a huge  
19 pool of money in that income tax rate, in their districts. And if  
20 you didn't do that, you're killing the poor districts.

21 MR. LIPP: Actually, some of the stuff that Pearl  
22 did -- although, I don't claim to have a perfect understanding on  
23 it, because the data are not the greatest in the world -- but some  
24 of it showed that some of the poorer districts would actually raise  
25 more money. And the reason is, you've got a lot of poor people

1 here, but they're renters. They're not property owners. So, you

2 have a larger pool of poor people paying taxes, for what they  
3 weren't paying before. Is that progressive? I don't think so.

4 MR. BIXHORN: No.

5 MR. LIPP: The Levinson plan has one flat rate.

6 Is that progressive? I don't think so.

7 CHAIRMAN LINDSAY: But the renters wouldn't pay  
8 income tax.

9 MR. BIXHORN: Sure, they would.

10 CHAIRMAN LINDSAY: They're not even in an  
11 owner-occupied home.

12 MR. BERNARD: No. The renters in a non-owner  
13 occupied home would pay, and the home would generate property  
tax,  
14 as well. I thought that's what we --

15 CHAIRMAN LINDSAY: No. From my notes as to what  
16 Levinson was talking about, it was the owner-occupied homes  
only.

17 If it was a rental community, they would continue to pay real  
18 estate tax in the rent, and would contribute to the school system  
19 through its rent.

20 MR. BERNARD: And not through an income tax?

21 CHAIRMAN LINDSAY: No.

22 MR. BERNARD: So, the income tax wouldn't be for  
23 everyone?

24 CHAIRMAN LINDSAY: No. No. It's a split system.

25 MR. AMMIRATO: If this is regional for Nassau and

22

1 Suffolk, and you're going to make up the difference with income  
2 tax, then basically, the same amount of tax is being raised on  
3 Long Island. Long Islanders are paying the same tax as they are  
4 right now; correct?

5 CHAIRMAN LINDSAY: No.

6 MR. AMMIRATO: All you're doing is redistributing  
7 or trying to -- attempting to make, more progressive, the system  
8 perhaps. So, if you want to do that, why would you recommend an  
9 income tax? Why wouldn't you seek to make a property tax more  
10 progressive, with circuit breakers or whatever that would --

11 CHAIRMAN LINDSAY: Well, I don't --

12 MR. AMMIRATO: -- make that more progressive. I  
13 don't see an income tax being feasible, if you don't redistribute  
14 the money.

15 CHAIRMAN LINDSAY: But again, if you can't do one,  
16 then you have to look at other solutions.

17 MR. AMMIRATO: I think the other solution is to make  
18 property tax more progressive.

19 LEG. NOWICK: Right.

20 CHAIRMAN LINDSAY: But that was solution one.

21 MR. AMMIRATO: No. Solution one is to get more  
22 revenue from this State, to Long Island where it belongs, and to  
23 fix the system, overall, in funding.

24 Solution two would be then to make our property tax  
25 rates somehow more progressive, by using circuit breakers.

23

1 DR. KAMER: Right, because the income tax is not  
2 a solution.

3 LEG. NOWICK: So, how would you do that?

4 CHAIRMAN LINDSAY: Well, then somebody here has  
5 got to help me. All right? You just can't all sit back and throw  
6 rocks. Somebody's got to sit down, and put some ideas on paper.  
7 If you want a second solution, then somebody draft it.

8 LEG. NOWICK: What would be progressive?

9 DR. KAMER: Bill, you have the solution here.

10 What we all agreed that we have to make some mention of an  
income  
11 tax. And I think we all agree that it's not a solution. So, you  
12 mentioned the income tax. And then in your analysis you start,  
13 like most popular suggestions, it isn't quite that easy. All you  
14 need is that paragraph, because that really goes into it. And I'm  
15 sure Gary can help you refine it a little.

16 But you've met your obligation to mention an income  
17 tax, and show why it will not work. And Lisa doesn't agree with  
18 me.

19 CHAIRMAN LINDSAY: Go ahead, Lisa.

20 MS. TYSON: Yeah, I don't agree. I think one  
21 thing that has to happen is, we have to have a very strong  
22 statement of what we're saying what our first choice is. And that  
23 is for the State to pay for more education, and to open up that pot  
24 to include more, and then, you know, to pay more like fifty percent  
25 of the education for all school districts, or something.

1 Let's just want to be very clear as to what we want

2 from the State. That's number one. The part about the income  
tax,

3 I don't particularly support the Levinson plan, because it just  
4 goes into the same districts, and the equity issues are really  
5 important then. So, the poor school districts will not have enough  
6 money to operate. They don't have commercial tax base.

Wyandanch

7 does not have a commercial tax base. Roosevelt does not have  
any  
8 commercial, even --

9 CHAIRMAN LINDSAY: But the commercial -- you're  
10 missing the point. The commercial industrial --

11 MS. TYSON: It remains the same, so --

12 CHAIRMAN LINDSAY: No, no, no. Pool. Pool.

13 MS. TYSON: Oh, okay. You're talking about --

14 CHAIRMAN LINDSAY: No.

15 MS. TYSON: Okay -- so, there's that piece of it.

16 LEG. NOWICK: They might even do better.

17 MS. TYSON: Yes. Well, the idea of the pooling,

18 I mean that's a huge idea for us here, that, you know, I do  
19 personally support that.

20 I think there, you know, might be some way to do it,

21 where there is a local share for that community to still get some  
22 of that benefit, which we have talked about. But, you know, so  
the  
23 idea -- I do think we need to come out with an income tax, but not  
24 in a way that says, you know, we kind of support income tax and  
25 then here's all the negative parts about it. If, in listing all

25

1 the problems -- and I do think we need to list the problems with  
2 it. But I think we need to be clear that an income tax can work.  
3 And if the State doesn't fix its problem, we are going to have to  
4 move towards an income tax on Long Island, for fairness reasons.

5 And unfortunately, the problem with circuit  
6 breakers -- which I do support circuit breakers -- is this just  
7 takes more money out of the system. When we're talking about  
new  
8 homeowners -- you can't give everyone a circuit breaker. And if  
9 you're giving everyone a circuit breaker -- if we give all the new  
10 homeowners and also seniors circuit breakers, then that just  
11 burdens the middle class a lot more. And it just makes it a lot  
12 more difficult for everyone with circuit breakers. And we're just

13 creating an even worse system, in some sense. We can't just have  
14 circuit breakers for low-income people.

15 CHAIRMAN LINDSAY: But, see, even with the income  
16 tax, I mean the revenue is still the revenue. You still need 'X'  
17 dollars to fund our schools.

18 MR. BIXHORN: Yup.

19 CHAIRMAN LINDSAY: What the income tax does is, it  
20 matches what you contribute to the schools, depending on your  
21 earnings. When you start out in life, and you're looking to get  
22 your first home, it would be low. When you're at the pinnacle of  
23 your career, it would be high. When you go into retirement, it  
24 would be low again.

25 So, that's exactly the same thing that

26

1 circuit breakers do. I mean circuit breakers kick in for the  
2 elderly, when their income is low -- or does it kick in the  
3 beginning, too, when you're starting out in life?

4 MS. TYSON: No.

5 DR. KAMER: Bill, I think there's a lot of  
6 disagreement on this panel. And it might be useful to have a show

7 of hands as to how many think an income tax is workable, to begin  
8 with, because the writing of this recommendation, too, will be  
9 orientated to whether we think it's workable, like Lisa does, or  
10 whether we think it's not, like I do. So, can't we have a show of  
11 hands as to that, first?

12 CHAIRMAN LINDSAY: I'll be happy to do that, Pearl.  
13 The only thing that I think that this Commission was directed to  
14 do, was to look at everything. And I think that if the report  
15 comes forward, without any mention or any credibility to an  
income  
16 tax, I think that it will be looked at as flawed.

17 DR. KAMER: No. The mission was to look  
18 everything. And I think we can honestly say we looked at the  
19 income tax. But if we do find it -- sorry, I'm not yelling loud  
20 enough. Okay? Now, can you hear me? And I don't have to yell  
21 anymore.

22 If we do come up with a conclusion that there are  
23 insurmountable or grave problems with the income tax, we've still  
24 done our job, but that's the findings. That's why I'd like to have  
25 a show of hands as to who thinks the problems are workable, and  
who

1 thinks the problems are insurmountable. At least that will give us  
2 a starting portion.

3 CHAIRMAN LINDSAY: Go ahead.

4 LEG. NOWICK: Before we have a show of hands,  
5 maybe we can discuss it further to get the pros and the cons, just  
6 so I can better understand it. I just have a few questions.

7 The circuit breaker system, if we max out someone on

8 the circuit breaker system, we still have to make up the money

9 some other way -- that's one thing. Number two, back to

10 income, that sounds like that's going to be a tough thing to do.

11 Household, meaning if you're married, that's the household, or

12 household meaning, I live alone in my house. My two daughters

13 working, but they're at (inaudible) corp., but they filed income

14 tax. Are they part of the household? How does that work?

15 DR. KAMER: They are.

16 CHAIRMAN LINDSAY: Yes.

17 LEG. NOWICK: Okay. So, if all of those incomes are

18 together -- so that --

19 DR. KAMER: Anybody who files out of that household  
20 pays the --

21 LEG. NOWICK: So, in other words, if you have four  
22 kids working there, and you're -- okay. So, there's something to  
23 think about, also.

24 CHAIRMAN LINDSAY: But the point is -- and how the  
25 whole thing would be measured -- is, what am I paying now and

what

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1 is it going to cost me?

2 LEG. NOWICK: Right. But we don't -- we, we can't  
3 seem to find that answer out.

4 The other thing I wanted to ask, is it possible --  
5 people from Hauppauge are going to hate me -- I'm just asking,

I'm

6 just asking -- if it is possible, if we continued the present  
7 school taxing system, is it possible to take the industry and  
8 commercial, separate that, County-wide, and throw that into a pool  
9 for those --

10 DR. KAMER: Yes --

11 LEG. NOWICK: -- areas like Wyandanch --

12 DR. KAMER: -- yes --

13 LEG. NOWICK: -- or, and, or Smithtown --

14 DR. KAMER: -- yes.

15 LEG. NOWICK: -- in treating them more fairly.

16 and I'm sorry we're not --

17 DR. KAMER: We could end up with that as a potential  
18 recommendation, pooling --

19 LEG. NOWICK: That might help defray costs for  
20 seniors, for young people in different areas. It's just a thought.

21 DR. KAMER: That's not a perfect solution, either.

22 I mean --

23 LEG. NOWICK: Of course not.

24 DR. KAMER: -- anything that you try in the tax

25 realm will have some drawbacks. But what we want to do is  
minimize

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1 the drawbacks and maximize the benefits, and then we will have  
done

2 our job.

3                   So, can I get back to my question, how many people  
4 think an income tax is worth it -- Gary's laughing.

5                   CHAIRMAN LINDSAY: Well, are there any other  
6 comments about that?

7                   DR. KAMER: No, because I think you covered it  
8 very well in your memo. You indicated why it would be  
9 advantageous -- it's based on ability to pay. And you indicated  
10 what the problems are with it.

11                  Now, on balance, you've concluded that despite the  
12 problems, you think the system will work, because you've come up  
13 with a number of points of how it would work. And this implies  
14 that you think that this is a workable system. I'm going back  
15 to --

16                  CHAIRMAN LINDSAY: But just to stop you there,  
17 this was basically Levinson's plan.

18                  DR. KAMER: Right.

19                  CHAIRMAN LINDSAY: And I think I stated that right  
20 in the beginning.

21                  DR. KAMER: Right. But all of us might not agree  
22 with Mr. Levinson's plan. That's the problem.

23                  CHAIRMAN LINDSAY: But you don't want to report it.

24 DR. KAMER: We can report it as his plan, but we  
25 can't report it as something we think we should do.

30

1 CHAIRMAN LINDSAY: Okay. Daniel?

2 MR. BAHR: Just two things, basically procedural.

3 Is it the mission of this Commission to make recommendations or  
lay  
4 out the options -- that's number one, because it's not been clear  
5 to me, but either one is fine. And number two, there are going to  
6 be differences in opinion on a whole variety of issues here. Do we  
7 work on consensus; is there a minority report; do we simply say  
8 there's a difference of opinion, and these are the opinions. I  
9 think we have to talk about how to deal with that, because there  
10 will be, as Pearl mentioned, especially on this, differences of  
11 opinions, and I think we need a game plan as to how to handle  
12 those.

13 CHAIRMAN LINDSAY: Well, I think, when we started  
14 out, that we did try to, we did say that we would try to reach a  
15 consensus. The only thing that I'm trying to do, and I'm not  
16 saying that I'm endorsing the Levinson plan, but every -- you

know,

17 this has been done twice before. And they keep coming back with  
18 the same suggestions, increase the circuit breaker, you know, stuff  
19 that we've already talked about. There's nothing new here.

20 I'm hoping to add a little bit more juice to it

21 to -- so somebody up in Albany says, you know, they are at the

end

22 of their rope, you know, we better do something. Yet, I agree with

23 you, that option one is the way to go. But I would just like it

24 stated someplace, that if you're not going to change the system

the

25 way it exists, that, you know, the populus is at the point to say,

31

1 throw out the whole system, and institute something new. Yes,

2 Gary?

3 MR. BIXHORN: The -- maybe part of this is just,

4 you know, the structure we're trying to work with, and in terms of

5 the three parts of the report. And I think Lynne and Jim were both

6 onto something with talking about the -- you know, trying to make

7 the property tax more progressive. And, you know, as opposed --

8 obviously, recommendation number one is let's fix the system of

9 distributing State aid, get the fair share to Long Island. And  
10 that's going to relieve property taxes and, hopefully, address  
11 major concerns.

12 But perhaps, the recommendation you're looking at is  
13 really a combination of what you're trying to do in part two, the,  
14 you know, looking at the income tax, in part three, you know,  
15 looking at other revenue streams, and even to a certain, looking at  
16 part one.

17 I think there might be room to combine the areas,  
18 and after recommendation one, come up with a mixed, a mixed  
19 solution, that would include options. It would be a proposal that  
20 would include, you know, regionalizing the commercial tax base.

21 would include, you know, if there are other revenue streams that  
22 we've identified, or that we could all agree upon, you know, let's  
23 bring in those alternative revenue streams, and figure out a way to  
24 -- of fairly distributing them among the Long Island's 125 school  
25 districts. And thirdly, you know, acknowledging that an income

It

tax

1 being to assess cost, assess rates over 125 different taxing  
2 districts is really somewhat unworkable. Perhaps, another income  
3 step we can take related to the income tax would be introducing a  
4 series of circuit breakers.

5           So, you come up with one solution that is a package  
6 of three or four different steps, that could relieve the property  
7 tax burden in certain districts, by 'X' amount. But basically,  
8 what we're doing is, you know, still raising the same amount from  
9 Long Island, and -- but by bringing in money from all alternate  
10 revenue streams, we are actually reducing -- we're bringing more --  
11 we're putting more money in the pot, and thereby, reducing the  
12 total amount that needs to be raised, or that has been raised by  
13 property taxes.

14           So, I think, you know, structurally, if we looked at  
15 the report, and we came up with let's fix the existing system, as  
16 option one, and as option two, we have a package of three or four  
17 different significant steps, we may actually be able to give some  
18 comprehensive recommendation that could, you know, could be  
19 considered -- you know, probably won't be flawless and I'm sure  
20 people could pick it a part, but it would have enough in it, that  
21 it might be something that could be seriously considered.

22 CHAIRMAN LINDSAY: But pooling the industrial,  
23 commercial basis, wouldn't you think that would be something that  
24 maybe should go under suggestion one, or do you want it as a  
25 separate stand alone by itself?

33

1 MR. BIXHORN: I would say suggestion one is  
2 primarily going to focus on the State aid formula. And it could,  
3 you know, it could go under section one. But my thought is, if  
4 one were really going to focus on a lot of the data pointing to  
5 Long Island not getting its fair share, and the primary reason for  
6 the tax burden is the lack of State support, then, I think we're --  
7 where it might be better to package that as a separate, as a  
8 separate part of a comprehensive recommendation, to, to, you  
know,  
9 to -- as an alternative to, to our preferred option one.

10 CHAIRMAN LINDSAY: Okay. Would you pool the  
11 entire industrial, commercial base, or would you give some credit  
12 to the local district, for having the industrial, commercial  
13 properties in a district?

14 MR. BIXHORN: Personally, being a resident of

15 Northport, the -- frankly, I think if we're going to stick our  
16 necks out on this, we might as well go all the way, and say, you  
17 know, let's take the commercial base and deal with it, redistribute  
18 it on a regional basis. I mean, you know --

19 DR. KAMER: Gary, I don't think we have to stick  
20 out necks out that far. You can just say, according to some  
21 formula -- it's not our role to specify the formula at this  
22 point -- but you can say that the option to regionalize the  
23 commercial industry tax base should be considered as a means of  
24 reducing the regressivity [sic] of the current property tax.

25 And that's what Gary's talking about. How can you

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1 find additional revenue sources, or manipulate additional revenue  
2 sources, to reduce the regressivity [sic] on the household? And  
3 you don't have to say how you are going to do it. I mean we're not  
4 tax writing people. We're not experts on that. Just say, let's  
5 think about this.

6 CHAIRMAN LINDSAY: Go ahead.

7 MR. LIPP: Maybe I'm missing something here, but

8 at the last meeting we had -- and it's okay to change our minds --  
9 but we decided that we're not going with regionalizing commercial  
10 real estate property, because it was too big of a political  
11 football, in terms of it's not going to happen, because there are  
12 haves and have nots. And the have not is our -- and this is an  
13 issue that has been discussed for years, and years -- decades.

And

14 that's always been a major stumbling block.

15           If you're starting a process from scratch, great  
16 idea. Problematic, this way. If you want to change your view,  
17 that's fine. But we had actually sort of made a decision, at least  
18 when we met, explicitly, last time. If you want to bring it up  
19 again, fine. But let's get back to what we talked of. There is a  
20 history of the Commission, and we're sort of ignoring that.

21           LEG. NOWICK: I don't think we made a decision on  
22 it. I think we brought it up, because we realized we were hanging  
23 ourselves out there, so to speak. However, it could be a political  
24 football, but we still have to do our job, and we have to separate  
25 that.

1           Our job is to find out alternatives, and if pooling  
2 or regionalizing the commercial base can help the senior citizens,  
3 in the Northport -- or wherever, then the idea has to be out there,  
4 even though, it's not a favorite, and it might be a very difficult  
5 thing to pass up in Albany. We still have to be out there. We  
6 still have to do, for our citizens, what we can do.

7           MR. LIPP: My perspective is as follows, we  
8 should bring up every reform that's out there. We shouldn't let  
9 anything -- sweep anything under the rug. We should mention  
10 everything, from even, perhaps, commercializing property, and I  
11 think that should be part of the written report, no doubt.

12           I thought the way we were leaning, and I'm not, you  
13 know, I don't mean to, you know, to tell people how to think or  
14 anything, but the impression I was getting, from listening to  
15 people, is that we wanted to come up with practical solutions. And  
16 my version of practical solutions was, well, arranged from the  
17 circuit breaker to, of course, asking the State to do more.

18           But also realizing that, if anything, from where I'm  
19 sitting -- and I hope I'm wrong -- it's going to go the other way.  
20 It's going to get a lot worse. It's not going to get better,  
21 because the campaign for physical equity, they're going to wind up

22 giving -- and I hope this is wrong -- but they're going to wind up  
23 giving more to the city, and less to the non-New York City. And I  
24 hope I'm wrong, as I said.

25 So, what's my point? My point is, we need to be

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1 realistic. We don't want to say that, of course. But we want to  
2 be able to develop some sort of realistic options. And what are  
3 realistic options, they're not going to be simple ones.

4 But what we were talking about last time was that  
5 there are a variety of other local sources of revenue. I had heard  
6 already, nobody wants taxes, additional taxes, and how do you

deal

7 with the issue of not just supplementing the existing property tax,  
8 and therefore turning everybody off. A proposal was made last  
9 time, that I haven't heard too much dialogue on, for or against, is  
10 we create some sort of quasi-local Star program, where at the end  
11 of the day, if school expenditures increased, the property tax  
12 will, for a given level of State aid, will increase, and you, as a  
13 property owner, will see that higher tax. You would be able to  
14 hold the school board's feet to the fire, if you will, because the

15 relief people would receive would be from the local Star program.  
16 It wouldn't be just the reduction in the property tax.

17 CHAIRMAN LINDSAY: I think you're into the last  
18 phase. I mean we haven't gotten off to the second part, yet. And  
19 I'm trying to keep it in some kind of orderly fashion. Go ahead,  
20 Lisa.

21 MS. TYSON: I think that in the second section of  
22 the income tax, what I would like to see is just different options  
23 of how to implement a local income tax. We've talked about all  
24 these different options. I think the Levinson plan is just one  
25 option. I'm not in love with that option.

37

1 We would like to see more of a regionalized tax, not  
2 going directly back into that same school district. We would want  
3 it to be more like the way the State funding system is -- where it  
4 should be, which is really based on need, you know, redistribute it  
5 fairly. So, you know, tax, and you have this pool of money, and  
6 then you distribute it fairly.

7 So, I think what we could do as an income tax is,

8 you know, have this very -- you know, all the different options  
9 that we've heard. We've heard very different plans here, on how to  
10 do a local income tax, and saying that this needs further study,  
11 and now, it goes to the State. And they need to, you know,  
maybe,  
12 you know, look into that, as well.

13 And if we're going to be going over to our State  
14 Legislators, you know, to talk about these local income taxes, it  
15 shows them the different options, of where we can be going in the  
16 future.

17 CHAIRMAN LINDSAY: The only two options I remember  
18 were Levinson's and Laurel's (phonetic). And he talked about it  
19 vaguely. He didn't have a specific plan.

20 MS. TYSON: But Bob then ran different numbers that  
21 we wanted to -- I mean a one percent, or a two percent. I mean  
22 there was a lot of --

23 CHAIRMAN LINDSAY: But that was just dollars  
24 replacing dollars. What about all the problems?

25 The problems that were outlined in the first three

1 paragraphs of this scenario are real problems. And, you know,  
2 whether you like it or not, Levinson came up with solutions to  
3 those problems. Whether they're workable or not, is something  
4 else.

5 MS. TYSON: And --

6 CHAIRMAN LINDSAY: What did you want to say, Joe?

7 MR. SAWICKI, JR.: The strength of our mission --

8 or of our findings rather, in my opinion, lie on those  
9 recommendations that we can unanimously put forward. If

10 we're going to get the ears of Albany, like Ginny --

11 Assemblywoman Ginny Fields is going to bring some Assembly

12 majority tax writers or education people down, whether it's in

13 Ways and Means, or Education, or whatever, Budget, it doesn't

14 matter. Hopefully, we'll get the same reaction out of the

15 Senate Majority, and get some of their, you know, tax people

down.

16 But for us to give a half-hearted -- and this

17 takes, kind of takes you back to what Pearl and Dan were

18 saying -- if we give a half-hearted embrace to an income tax

19 proposal -- and maybe if we end up taking a vote and seven to five

20 of us are in favor of this, the Levinson plan, or ten to four in

21 support of this other plan -- as opposed to if we unanimously  
22 embrace or support option one -- and when these people come  
down  
23 from Albany to listen to us, and we're united, maybe, the stronger  
24 we are, maybe, finally somebody will start listening to us in  
25 Albany and say, you know what, here's one group in Suffolk  
County

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1 that really means business, and we got a new governor coming in  
2 January. And supposedly -- obviously it looks like it's going to  
3 be Governor Spitzer. And he's already on record as saying he  
wants  
4 to reform some of the education issues and the property tax issues.  
5 So that's a positive. Maybe we can gain his ear, hopefully.

6 But the key is that we're united, we're unanimous --  
7 as opposed to being, you know, a split decision on some of the  
8 other proposals. And --

9 CHAIRMAN LINDSAY: What if we did this? What if  
10 we continued along the path that we've started out on, of having  
11 three options -- Gary's proposing a fourth option now, of pooling  
12 the industrial, which we can treat separately -- and in the final

13 part of the report, looking at all four options to make a clear  
14 statement, if we're all united on it, that option one is the way to  
15 go.

16 DR. KAMER: But I think Gary is really talking  
17 about two parts. The first part, which we're all strongly in favor  
18 of, which is redoing the State aid formulas to give us our fair  
19 share, and documenting why we don't have our fair shares.

20 CHAIRMAN LINDSAY: Right.

21 DR. KAMER: The second part, would be pooling all  
22 of the possible alternatives. So, you're not signaling, or  
23 emphasizing an income tax, you're not emphasizing pooling. You  
24 there are other options that would make the current property tax  
25 less regressive. We could do circuit breakers. The draw back

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1 there is, you're going to have to replace the income that you lose,  
2 when you implement circuit breakers. How would you replace the  
3 income? Well, we can have a Sim (phonetic) tax, or we could pool  
4 commercial, industrial property tax revenues, and redistribute  
5 in a way that will help some of our property-poor school districts,

6 and you just talk in generalities as to what could be done.

7 But we want to -- and I agree with this -- we want  
8 to strongly emphasize changes in the State aid formulas, because  
9 with a new administration in Albany, we have a chance of getting  
10 that done, if there's a fresh look -- because the other  
11 alternatives, any one of them, are really not that good.

12 CHAIRMAN LINDSAY: I don't object to a final  
13 conclusion that -- you know, the viability of solution one. But I  
14 feel very strongly that we should all include other options, even  
15 if they -- if you don't think they're workable. They are things  
16 that we discussed at length.

17 DR. KAMER: We should include everything that we've  
18 discussed. But we should indicate a paragraph as to what the  
19 option is, what are the pros, and what are the cons. And that's  
20 it. And we've done our job.

21 LEG. NOWICK: No. It doesn't --

22 DR. KAMER: Well, this does more than that,  
23 because it goes into how the system would actually work.

24 CHAIRMAN LINDSAY: And that's what was presented  
25 to us.

1 DR. KAMER: But if we come out with it in our  
2 report, we are endorsing that system.

3 CHAIRMAN LINDSAY: No, I don't think we are. I  
4 really don't think we are. I think what we're clearly saying is  
5 that, if the simplest way to go is to leave the system the way it  
6 currently exists and to rearrange the funding, then it's fairer to  
7 this region. But -- and if that can't be done, then we're at the  
8 point of looking at radical systems that change the system and  
9 throw it out.

10 DR. KAMER: But should we assume that it can't be  
11 done --

12 MR. LIPP: Right.

13 DR. KAMER: -- or should we say it can be done  
14 and we want it done?

15 MR. LIPP: Right.

16 LEG. NOWICK: Yes.

17 MR. LIPP: Yes.

18 LEG. NOWICK: Keeping that in mind, just as  
19 another suggestion for when we're finished with this, and keeping

20 in mind what Joseph Sawicki said about having our State people  
here  
21 and being strong as a County, is there any way, when we're  
finished  
22 with our report, if somehow we could -- we would be stronger, if  
we  
23 could involve Nassau County Legislators, as well. I think if they  
24 agree with our findings, and say, hey, now, we're all -- we're  
25 Nassau, Suffolk strong. Is there a way to do that or is that

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1 something we can't do, because it's our --

2 CHAIRMAN LINDSAY: This Commission started out as  
3 a Suffolk County Commission. They've really shown no interest in  
4 this at all, and it's too late in the day to do that, now.

5 DR. KAMER: I agree with that.

6 CHAIRMAN LINDSAY: I'm trying to finalize a report  
7 and we're going back to the structure of the Commission.

8 DR. KAMER: It's too late to --

9 CHAIRMAN LINDSAY: And I'm so confused right now,  
10 I don't know what to put in the final report. I mean we have one  
11 phase that isn't even written yet.

12 MR. KADEN: That's what we are here for. We have to  
13 talk about these things. The problem -- I think, with income tax,  
14 first of all, to me, the first solution is an income tax solution,  
15 because the only way the State could really give us more aid,  
would  
16 be to raise taxes. And the taxes they raise, are income taxes.

17 So, that is an income tax solution. And it's a  
18 State-wide income tax solution. It's not a regional tax solution.

19 To me, a regional tax solution does nothing to  
20 relieve taxes at all. It just shifts who is paying the bill.

21 DR. KAMER: Exactly.

22 MR. KADEN: And I don't recall in this Commission --  
23 ever seeing this Commission coming out in favor of a local income  
24 tax. In fact, after we studied it, I believe we said it wasn't  
25 workable. That was my feeling. So, I was surprised to see, today,

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1 that it was back even as an option. I think we need to put it in a  
2 report, that we reviewed it, absolutely --

3 CHAIRMAN LINDSAY: But Jim, in the --

4 MR. KADEN: -- and say it's not workable.

5 CHAIRMAN LINDSAY: -- in the two previous meetings,  
6 we talked about the structure of what the report would look like.

7 MR. KADEN: And I don't recall ever talking about  
8 recommending an income tax, as an alternate solution to the  
9 State-wide solution.

10 CHAIRMAN LINDSAY: But I don't know whether this is  
11 a recommendation.

12 MR. KADEN: I think as soon as you put it in  
13 there as, if we can't get the State, the State solution, we're, we  
14 are going with this as our second option. What is that, then? I  
15 don't believe you're -- all you're doing is diluting the message.

16 If I was in the State Legislature, and you came --  
17 and I came to the room, and you said, well, we would really like a  
18 State-wide solution. But if you can't give us that, we have a way  
19 to solve it ourselves. The problem would be solved, as far as I  
20 was concerned. You'd never see a State solution.

21 DR. KAMER: And they wouldn't give us anything.

22 MR. KADEN: Exactly. You solve it yourself. You  
23 already told me we can.

24 DR. KAMER: What we want to show is that any of

25 these alternatives are not really that workable and you better give

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1 us that State aid. We'll put it in more conciliatory terms, but it  
2 will say that.

3 CHAIRMAN LINDSAY: But I think that's where I was  
4 trying to go.

5 MR. KADEN: Well, when you list all of these  
6 solutions, options here (gesturing), of how it's going to work, to  
7 me, you are implying that not only is it workable, but in fact, I  
8 have a means of making it workable, right here (gesturing). And I  
9 don't think these things work.

10 If you don't redistribute the wealth, this is a  
11 terrible system. You'll bankrupt the poor districts, and the rich  
12 districts would be sitting on hundreds and millions of dollars of  
13 revenues.

14 DR. KAMER: I think Levinson's solution, while he  
15 makes it sound as if it's workable, is totally unworkable.

16 MR. SAWICKI, JR.: Do we want to -- I'm going  
17 back to my question a few minutes ago, do we want to make  
18 recommendations on an unanimous basis --

19 LEG. NOWICK: Yes.

20 MR. SAWICKI, JR.: -- otherwise, we'll not make them  
21 at all?

22 LEG. NOWICK: Yes.

23 DR. KAMER: Yes.

24 CHAIRMAN LINDSAY: I don't have a problem with  
25 that. But so, then, do you want to just conclude the whole report

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1 with Gary and Robert's -- which hasn't been drafted yet, and leave  
2 it at that, because it will be the skinniest report you've ever  
3 seen? It will be about two pages.

4 MR. LIPP: Okay. I can write thousands of pages  
5 on any one topic. Trust me.

6 CHAIRMAN LINDSAY: Yeah, I know, but can  
7 anybody make sense of it, Robert, that's the question.

8 MS. TYSON: I think we also have to look at --

9 MR. LIPP: Well, I'm going to take that as a  
10 compliment.

11 MS. TYSON: -- I think we also have to look

12 at -- really, I would like to see what we're saying our option one  
13 is, because a lot of people, a lot of the message, you know, in  
14 Long Island is, we're not getting our fair share, and we need to  
15 get a larger piece of the pie -- and we're paying too much income  
16 tax, and we're not getting enough.

17 But, you know, I think we need to look at the impact  
18 of the whole system and this whole CFE case, which is really  
19 showing that school funding should be based on need. And I

would

20 like for this report to show, since it's not just about, you know,  
21 how much Long Island is getting. It's that the State funding  
22 system has to be based on need, and that a new State aid formula  
23 must be based on needs -- and that is determined by how many  
24 children of poverty, how many ESL students, you know, all of that  
25 in the CFE case, and it has deliberated very clearly, how to

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1 actually create that system. So, I think we're just going to have  
2 to really go over part one a lot more, as well.

3 DR. KAMER: I don't know that we want to get into  
4 the CFE case, or that's our mission. I think Bill came up with the

5 solution, as to the path forward. I think we all agreed that we  
6 have to write, in detail, justifying that we need additional State  
7 aid and why. And then, I think the two of you just can word -- and  
8 I agree, Bob, you can write ad infinitum. But you can do a pretty  
9 good job of talking about alternatives, talking about the, the  
10 testimony we heard on the income tax, and why we don't think it's  
11 workable, and talking about pooling revenues, and talking about  
12 finding additional revenues. And I think we can come up with a  
13 credible report, distributed by e-mail to all of us before the next  
14 meeting, so we can finalize the wording.

15 I don't think it's a difficult path forward, at all.

16 I think we've heard the testimony, and we pretty well know where  
we  
17 stand, and where we want to go. But I think it would be fatal to  
18 let Albany know that we think there are workable alternatives, so  
19 don't worry about the State aid, we'll forgive you if you don't  
20 increase it. I think we have to be very strong on that. Gary, do  
21 you agree.

22 MR. BIXHORN: Yes.

23 MR. KADEN: Yes.

24 MR. BIXHORN: I agree with everybody.

25 MR. LIPP: Both sides?

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1 DR. KAMER: Yes.

2 MR. LIPP: Both sides; right?

3 DR. KAMER: I never knew you were a coward.

4 MR. BIXHORN: No, I do agree. And I think part of

5 the difficulty here is, you know, dealing with the report piece

6 deal, and kind of looking at one part at a time. I think it will

7 be very helpful if we had, you know, all the sections of --

8 CHAIRMAN LINDSAY: Okay. But it would be very

9 helpful to me, if I knew a direction of what you wanted. You know,

10 I thought we had a direction, where we were going. And what  
you're

11 telling me is that you don't want any reference to the income tax,

12 at all?

13 MR. BIXHORN: No.

14 MR. KADEN: No.

15 DR. KAMER: That's not what we're saying.

16 MR. KADEN: That's not what we're saying.

17 DR. KAMER: We don't want it composed as a

18 solution. We want to refer to what we've heard, and what the  
19 advantages and disadvantages are. And I think we want to all  
come  
20 down to the side that there are too many disadvantages, to  
consider  
21 it a workable solution. But we certainly want to mention it.

22 CHAIRMAN LINDSAY: Okay. So, then --

23 MR. BIXHORN: And in fact, I think the most -- and  
24 if we went back to Bob's original presentation on the income tax --  
25 and I have vague recollections of the percentage increases in

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1 income tax that would be necessary, in order to offset the property  
2 tax. I remember they were huge numbers. I don't remember  
exactly  
3 what they were. But I think Bob's presentation and then the  
4 presentation out in Nassau County, I think we can detail, you  
know,  
5 the presentations. I just think putting -- you know, wrapping it  
6 up as a recommendation, isn't the direction we're looking for.

7 But I think we can easily, easily represent the,  
8 the -- share all of the information we've received, related to the  
9 income tax. I think that should be in the report.

10 MR. KADEN: Yes.

11 MR. BIXHORN: But as far as what we call

12 a recommendations, as far as what the Committee is saying, this

13 what we believe should be done, I agree. I think, clearly, we've

14 come to the conclusion on the State aid question, that needs to be

15 addressed. And if there are some other areas that are -- that

16 some sense, then we can come to consensus on, I think we should

17 agree on those.

18 And, you know, and I wouldn't have any problem with

19 supporting the, you know, the regionalization of the commercial

20 base or supporting some kind of -- conceptually, something like

21 that. If there were other alternative revenue streams that we all

22 could agree upon, I think we should support those.

23 MR. KADEN: I think pooling those and

24 redistributing those as a Star, is fine.

25 MR. BIXHORN: Yeah, the local Star or something

2 MR. KADEN: The local Star would be fine.

3 MS. TYSON: The regional, the commercial tax base,  
4 to do a local Star -- so that would be the funding for the circuit  
5 breaker, basically?

6 DR. KAMER: Yes.

7 MR. KADEN: Yes. That and any other alternative  
8 revenues that you could raise, gambling revenues, if you so desire,  
9 whatever -- you know, anything else we talked about as being a  
10 source of revenues.

11 DR. KAMER: You would offset the loss caused by  
12 the circuit breaker, by this regional Star, and then that makes  
13 some sense. So, I think there's a lot of agreement on this panel,  
14 but it would help if we saw a completed report.

15 CHAIRMAN LINDSAY: And again, I'll go back to the  
16 same question. Before you see a completed report, I need some  
17 direction on what's in the final report. If we took out the term  
18 recommendations, and talked about options, or things that were  
19 brought up before the Committee, and listed them one through  
four,  
20 from an income tax, to increased State aid, to circuit breakers, to  
21 pooling industrial, commercial, to a local Star program with new

22 revenues, and then at the end, would you support a paragraph,  
that  
23 you know, the recommendation of the Commission is to go with  
State  
24 aid, increased State aid?

25 LEG. NOWICK: Well, there are other things, too.

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1 MS. TYSON: By ending with the State aid part,  
2 then that's our lobbying thing, for when we do meet with the  
3 State Legislature.

4 CHAIRMAN LINDSAY: Yes.

5 MS. TYSON: Yeah. And that's our really key point  
6 to them.

7 CHAIRMAN LINDSAY: Yes.

8 MS. TYSON: I think it makes a lot of sense to end  
9 that way, very strongly.

10 CHAIRMAN LINDSAY: Right.

11 MR. KADEN: But I think you have to get to the  
12 income tax section. I agree fully, we need to talk about income  
13 tax. It was a major consideration. What I think it needs to

14 discuss, first, layout the positions that we've heard, discuss  
15 them, discuss the pros and cons. But it has to end with a sentence  
16 that says, we do not consider this a viable option for funding  
17 schools on Long Island.

18 DR. KAMER: Exactly.

19 CHAIRMAN LINDSAY: I don't have a problem with  
20 that. I don't have a problem with that. I have a problem with  
21 excluding it.

22 MR. KADEN: Oh, no, I don't think anyone wanted  
23 to exclude it.

24 CHAIRMAN LINDSAY: And I disagree with you, as far  
25 as the viability.

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1 Bob and Pearl presented us with a bunch of numbers,  
2 that didn't present us with a plan. And Laurel talked about a  
3 bunch of numbers. The only plan that I actually heard was  
4 Levinson's, to try to solve the problem. And I agree with you,  
5 that it would probably be extremely difficult to implement --

6 MR. KADEN: Yes.

7 CHAIRMAN LINDSAY: -- extremely difficult.

8 MR. KADEN: Do you want to curtail a not viable to  
9 an extremely difficult to implement?

10 CHAIRMAN LINDSAY: Whatever.

11 MR. KADEN: I might go with that.

12 CHAIRMAN LINDSAY: Right.

13 LEG. NOWICK: Do you want to go down this list and  
14 see what we need and what we don't need?

15 MR. LIPP: Well, what I did was, in terms of  
16 when we were speaking, I just put together what amounts to an  
17 over-simplified version of what, perhaps, the table of contents of  
18 the report should look like, in terms of the issues. So, we would  
19 speak about everything here. And as I just mentioned, I forgot to  
20 put in the -- what do you call that again?

21 MS. CAPOBIANCO: A video lottery terminal.

22 MR. LIPP: I knew it, but I just couldn't bring  
23 myself to say the words, video lottery --

24 CHAIRMAN LINDSAY: This isn't it about your policy  
25 ideas, Bob?

1                   MR. LIPP: No, no, no, no. What I'm trying do  
2 here is, I'm clearly trying to list everything. And I was the  
3 first to say it, that we need to speak to everything. You know, at  
4 the end of the day, it's a matter of what we say about any  
5 particular issue. So, I'm going to add the video lottery  
6 terminals.

7                   LEG. NOWICK: So, are we going to go down this list  
8 and pick out the first number one thing that we want to be is State  
9 aid? Is that how we're going to do this?

10                  MR. LIPP: Well, I think initially, the way I  
11 wrote it here, without, you know, having much time to think about  
12 it too much is, it's sort of like the -- perhaps maybe, it doesn't  
13 have to be in the order of what we most recommend or least  
14 recommend, but a logical order of progression.

15                  So, for instance, you have the initiatives related  
16 to the State first. Then, you have the replace the income tax, and  
17 related -- quasi-related, is the regionalization of non-residential  
18 property tax. And then, there would be the various alternatives  
19 sources of --

20                  CHAIRMAN LINDSAY: I think as far one is  
21 concerned, I agree with that, you know, the best way to solve this

22 problem is to increase the State income tax, and solve the CFE  
23 case, and everything else all at once. And that's the obvious way  
24 to go.

25 I wouldn't want to put it connected it State aid.

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1 If you want to put that in, you could tack that onto the income tax  
2 section, that, you know, we had extensive discussions about a local  
3 income tax. But the most viable way would be to do it is on a  
4 State-wide basis. If you put this increasing State income taxes  
5 with -- mix that up with our gripe that we're not getting our  
6 proper share of the existing State aid pool that's there now, I  
7 think it's going to be blown away. That's my idea.

8 MR. KADEN: I think, really, if you want an  
9 increased share, there's only one likely way they can do that.

10 They're not going to pool money from upstate. They would  
bankrupt

11 upstate, if they didn't take the taxes to pay that share. If you  
12 want more money, they have increase the State-wide income  
taxes.

13 It's the only way they can raise those revenues.

14 CHAIRMAN LINDSAY: Where did they get the money  
15 for the rebates across the board, to everybody this year?

16 MR. KADEN: I'm waiting to find out this year, when we go  
17 for the State aid --

18 CHAIRMAN LINDSAY: Where did they get the money --

19 MR. KADEN: -- there's a five billion dollar  
20 deficit. They created a five billion dollar deficit.

21 CHAIRMAN LINDSAY: -- where did they get the money  
22 to forgive the sales tax on gasoline that nobody saw a penny of?

23 MR. KADEN: I told you where they got it from.  
24 They created a non-fiscally sound structure in their budget.

25 CHAIRMAN LINDSAY: Okay. But my point is --

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1 MR. KADEN: How can you close that? You either  
2 cut the aid this year -- which is my concern -- or you raise taxes,  
3 and you fill the void -- or you hope, or you hope against hope that  
4 the stock market performs very well this year, and your budget  
5 revenue projections are up by five billion dollars, and it closes,  
6 miraculously, by itself.

7 MS. TYSON: What about the tax rates? I mean one

8     thing is the State has continually lowered the State tax rates.

9     And the higher tax rates that they lowered, that has basically  
10    starved the State of about nine billion dollars, in the past twelve  
11    years or so.

12                 I mean if we were just to go back to the tax rates  
13    before Pataki, we wouldn't have this problem. All of that money  
14    would be there. So, you know, it's not just taking about, you  
15    know, raising more income taxes. You really have to be more  
16    specific, about how to do that.

17                 CHAIRMAN LINDSAY: Well, I would rather not deal  
18    with the specifics of how you're going to increase State income  
19    taxes, just that --

20                 MR. KADEN: You just want to say that we need more  
21    money.

22                 CHAIRMAN LINDSAY: Right.

23                 MS. TYSON: Yes.

24                 CHAIRMAN LINDSAY: And I rather not tie it in with  
25    the aid formula. I don't mind mentioning it, again, in the overall

1 discussion of income taxes, that the best way to fund schools is on  
2 a State-wide income tax that's properly funded. I don't have --  
3 but I'd like to see another proviso there, though, that it be  
4 dedicated, that a certain portion of the State income tax be  
5 dedicated to education.

6 DR. KAMER: Where do we leave this, now? Do you  
7 want Gary and Bob to work together and come up with something  
along  
8 the lines of this outline, e-mail it to us, and come back to the  
9 next meeting with our comments, and hopefully finalize it?

10 CHAIRMAN LINDSAY: Maybe we can start from the  
11 beginning. He's got the first phase. Is everybody in agreement  
12 with the first phase as outlining the problem?

13 DR. KAMER: Yes.

14 CHAIRMAN LINDSAY: Does anybody have any problems  
15 with that?

16 MR. KADEN: No.

17 CHAIRMAN LINDSAY: At least, we have six pages to  
18 start off with.

19 I'm just getting frustrated because, you know, we've  
20 been just stumbling along with this whole thing. And now, it  
comes

21 to a point where we have to produce a report.

22 MR. SAWICKI, JR.: Right.

23 LEG. NOWICK: We got --

24 MR. SAWICKI, JR.: I think we have to get off the  
25 dime here.

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1 CHAIRMAN LINDSAY: Yes. Increasing the share of  
2 public school costs supported by State aid is in what Gary and Bob  
3 are drafting. Right, Robert?

4 MR. LIPP: Well, I guess my first question is  
5 going to be, okay, if this would be sort of what you're referring  
6 to as the, quote, overview, if you will.

7 CHAIRMAN LINDSAY: Right.

8 MR. LIPP: The next question would be the document  
9 that I prepare, the statement of the problem, is that producing --  
10 would that or --

11 CHAIRMAN LINDSAY: It's incorporated into this  
12 (gesturing).

13 MR. LIPP: So, forget about this (gesturing)?

14 CHAIRMAN LINDSAY: Yes.

15 MR. LIPP: I'm just asking for the information.

16 Okay. So, I don't have to make the corrections to this, Gary? All  
17 this stuff we talked about, forget that?

18 MR. BIXHORN: Why?

19 MR. LIPP: Well, unless I misunderstood something,  
20 the overview of Suffolk County homeowners, that's going to be the  
21 up-front section, and --

22 MR. BIXHORN: We had updated --

23 MR. LIPP: -- and that was taken implicitly, the  
24 things that I had written and we had spoken about, the statement  
of  
25 the problem, that was incorporated into this. So, the feeling was,

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1 it would be a redundancy. I don't agree, but --

2 CHAIRMAN LINDSAY: But understand something, the  
3 second part document, took your document and put some earthy  
flesh  
4 on it, let's say; all right. She included some statements, she  
5 included when we met, how many times we met, who's on the  
6 Commission.

7 MR. LIPP: Yes, I like the document.

8 CHAIRMAN LINDSAY: Okay. If you have some changes  
9 to that, that's what I'm asking now.

10 MR. LIPP: Right.

11 CHAIRMAN LINDSAY: Does anybody have a problem  
12 with, at least, the introduction? And if you do, tell us now and  
13 we'll make the corrections.

14 MR. BIXHORN: I don't have a problem with the  
15 document. I think just -- I think what Bob's looking for  
16 clarification on is, he and I met after the last meeting, along  
17 with a couple of other people, to update some of the information in  
18 here. I was under the assumption we were talking about the up --  
19 you know, agreeing that an updated version of this document,  
would  
20 be the appropriate opening for the report.

21 CHAIRMAN LINDSAY: Okay. I was unaware -- I knew  
22 you met, but I thought it was to talk about, actually, what our  
23 first option was, to increase State aid. I thought that's what you  
24 were meeting about.

25 MR. BIXHORN: Well, we did that, and part of

1 that -- there was new data. The data that I presented to the  
2 Commission from the Innovate Long Island Report, basically  
updated  
3 a lot of the information. Bob drew up this report or this  
4 document, from some older reports.

5 CHAIRMAN LINDSAY: Okay.

6 MR. BIXHORN: The Innovate Long Island Report that  
7 I've presented to the Commission, updated it. We took -- we sat  
8 down to try to make this.

9 CHAIRMAN LINDSAY: So, do you have the changes to  
10 update that?

11 MR. LIPP: I have notes. I haven't updated  
12 it, yet. I've been like working 24/7. But I guess one source of  
13 confusion that I have is, the document that you handed out, the  
14 overview attached to it is what I have written. So, what my  
15 confusion was -- and I'm still not a hundred percent sure -- is  
16 that the attached portion of mine, would it be included -- because  
17 you have that even in, what you have here.

18 MR. KADEN: Right. From page five on, you wrote,  
19 and the other --

20 MR. LIPP: Right. So, we need a little  
21 clarification there, as well. I like what you wrote, but --

22 CHAIRMAN LINDSAY: I view it as one document.

23 MR. LIPP: Oh, okay. I apologize for any  
24 misunderstanding. Okay. So, what we'll do then is -- what I will  
25 do is, I will, you know, update the page five and on, based upon

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1 the work that Gary and I, and these people did. And this will be  
2 in the hopper, so to speak.

3 MS. TYSON: And I would like an addition to this  
4 report to be added, about differences of the school systems, for  
5 our poor school districts, and regular -- and traditional school  
6 districts on Long Island, one of the problems is why the income tax  
7 is not working, or why people here perceive it not to be working,  
8 is having to distribute it to the low-wealth school districts. And  
9 that's been our biggest challenge. And that's what Frank Morrow  
10 (phonetic) said, when he talked about the income tax.

11 CHAIRMAN LINDSAY: But I mean that really goes  
12 to -- the core of what we're talking about is that the school aid

13 formula is not only archaic, I don't think anybody understands it.

14 And at times, the equity involved in it is questioned.

15 MS. TYSON: It is questionable. But it doesn't mean that  
16 most of the poorer school districts do get a lot of State aid. So,  
17 I mean, you know, it's --

18 CHAIRMAN LINDSAY: I think -- and correct me if I'm  
19 wrong, Gary -- what you guys are advocating for it, besides our  
20 fair share of State aid, is an aid formula that's more transparent  
21 and understandable.

22 MR. BIXHORN: Exactly. And in that, in that more  
23 transparent, understandable formula are two major factors that  
24 would help Long Island -- one, would be distributing the money  
with  
25 regional costs built into the formula, and the second would be what

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1 Lisa's talking about, the recognition of need, on a district by  
2 district basis.

3 So, yeah, we're looking for more money to come to  
4 Long Island, and then we're looking to have it distributed, based  
5 on the needs of individual school districts. Yes, yes. So, a

6 better formula -- more money, and a better formula for distributing  
7 it. It's that simple.

8 And we do have data, as I presented in the report,  
9 that we could incorporate into this, that shows, you know, real  
10 differences between what's happening in the wealthiest districts  
11 and what's happening in the least-wealthy districts.

12 MS. TYSON: Yes. That would be great to add that  
13 in there.

14 CHAIRMAN LINDSAY: So, going back to our worksheet  
15 that Robert printed off, the first sentence is to the heart of what  
16 Gary and Robert have been working on. All right. The second  
part,

17 I would prefer not to put it in with increased aid piece. I  
18 would -- I agree with you, I think it should be in under the  
19 section of income taxes.

20 I have no problem with talking about a local income  
21 tax, and then stating at the end, income tax works based on --  
best  
22 on a broader base. If it's done on a State-wide basis, to fund our  
23 schools with a dedicated -- an amount dedicated to education --

24 DR. KAMER: Then, it's a better option.

25 CHAIRMAN LINDSAY: -- okay.

1 MR. LIPP: Fine.

2 CHAIRMAN LINDSAY: Is it all right if we leave  
3 that portion under the income tax?

4 DR. KAMER: Yes.

5 MR. LIPP: Okay. I'm already making the changes,  
6 as we speak.

7 CHAIRMAN LINDSAY: Okay. Two, enhance the State  
8 circuit breaker program, which provides tax credits to low-income  
9 property owners. Do you want to handle that, as a separate  
10 section?

11 DR. KAMER: Well, as a separate option, then,  
12 maybe you'd have to indicate that you're going to make up the  
13 revenue somewhere, and indicate where you're going to make it  
up.

14 CHAIRMAN LINDSAY: Well, do you want to leave that  
15 to our suggestion, about like a local Star program --

16 DR. KAMER: Yes --

17 CHAIRMAN LINDSAY: -- with separate revenue, which  
18 was our --

19 DR. KAMER: -- yes.

20 CHAIRMAN LINDSAY: -- original option three?

21 DR. KAMER: And I think we all agree on that.

22 CHAIRMAN LINDSAY: Do you want to do that?

23 MR. KADEN: Uh-huh. Yeah. One comment on this,  
24 though, is, credits are not generally the way this happens. In  
25 property taxes, it's exemptions of assessed value. That's how

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1 that's given. It's not a credit. It's an exemption. That's how  
2 it's done now.

3 MR. BERNARD: There's always -- there's quite a list  
4 that's available.

5 MR. KADEN: So, do we want to make it credit,  
6 slash, exemptions, or make it a credit and get rid of the  
7 exemptions, or whatever --

8 MR. LIPP: I'm not sure I understand.

9 MR. KADEN: Well, a tax credit is a dollar per  
10 dollar thing.

11 MR. LIPP: On your income taxes?

12 MR. KADEN: Right. An exemption says, if you meet  
13 the criteria, we'll defer, or eliminate -- much like Star does, get  
14 rid of fifteen percent of your assessed value, for taxing purposes.  
15 So, you're exempting a certain percentage of their property tax, as  
16 opposed to a dollar for dollar credit on an income tax return.

17 MR. LIPP: Do we know to what extent that's the  
18 case, Mr. Bernard?

19 MR. BERNARD: Dollar-wise?

20 MR. LIPP: Well, I mean you see, you know, at the  
21 assessor level, to what extent, perhaps, people might not have to  
22 pay taxes because of this.

23 MR. BERNARD: Well, is this thing on? Most of the  
24 exemptions that are available, other than Star, are available at  
25 local option. So, that means that, in our case, the County, each

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1 town and each school district, if it's applicable to school taxes,  
2 would have to opt in. The most recent one of those exemptions  
3 the volunteer firefighter and ambulance worker's exemption, that  
4 the County passed a couple of years ago -- most of the towns in

was

5 Suffolk had, and many school district have -- which gives a  
6 straight ten percent savings off the assessed value. In Babylon,  
7 the average with the school district opting in is about \$700 a year  
8 in savings.

9 LEG. NOWICK: That's very good.

10 MR. BERNARD: It's very good for a volunteer  
11 firefighter. One that was just in print today, that was talked  
12 about yesterday, that Nassau County implemented, was the first-  
time  
of  
13 home buyers, for newly constructed homes, which is section 421F  
14 the real property tax law. That's been in place for Suffolk County  
15 for six years. The Legislature here had adopted, most of the towns  
16 have. But towns have adopted and school districts at varying  
17 degrees.

18 There's also a 485B exemption for commercial  
19 property development. Most school districts opt out of that, where  
20 we now end up having many, many more properties coming under  
the  
21 auspices of local industrial developmental agencies, that become  
22 tax-exempt property, and then make pilot payments to the local  
23 school districts. That's how they get their incentives.

24 But as these incentives, and, or circuit breakers,  
25 or exemptions, or whatever we want to call them, become more  
and

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1 more prevalent, the folks that are not eligible, the poor guy  
2 that's sitting -- that's not a veteran, that's not a senior, that's  
3 not a firefighter, that's not a first-time home buyer, is not  
4 disabled, they're paying the bulk of the bill.

5 CHAIRMAN LINDSAY: But I think where we were  
6 going with this is if we were to increase, for lack of a better  
7 word, the circuit breaker program, that we would look for another  
8 revenue stream to fund it, so it isn't just a shifting.

9 MR. BERNARD: It would be the first time something  
10 like that would be recognized, which is not a bad idea.

11 MS. TYSON: We want to make sure it's income-based;  
12 right? We're not going to do Star, where everyone gets their Star  
13 rebate.

14 MR. BERNARD: Well, enhanced Star is income-based.

15 MS. TYSON: So, we want enhanced Star, but we want  
16 to be clear it's income-based, and not just every single taxpayer,

17 you know, gets a check right before election.

18 MR. BERNARD: Well, Lisa, you have to understand  
19 that, that all these exemptions pursuant to New York State Real  
20 Property Tax Law, take an act of the State Legislature. And, you  
21 know, our regional issues here are very different than what the  
22 majority of the State's issues are. And you know, what people  
23 elsewhere like and have done -- and sometimes a lot more say in  
the  
24 Senate and the Assembly -- at least in its current make up,  
25 political make up.

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1 CHAIRMAN LINDSAY: Jim, before I go to you, maybe if  
2 we could call on you to help with this section in terms of the  
3 circuit breakers -- and almost everything that we're talking about  
4 here is going to need State approval. It's not -- I mean even for  
5 us to identify -- and we haven't even gotten to that yet -- our  
6 options for local revenue sources, almost -- most of them, we're  
7 going to need State permission to do anything.

8 MR. BERNARD: It's not only that. Again, most of  
9 them that are in place are these local options. And you have to

10 get past the County, then the towns, and then -- and any school  
11 district.

12 As an example, the current senior citizen's  
13 exemption, which puts a cap on the income, was just raised for the  
14 next cycle, which is the '07, '08 tax year. There are school  
15 districts in towns that are at all different levels of income, from  
16 \$28,000 to \$35,000 as gross, total gross income amounts, for the  
17 eligible seniors. And they can choose -- each one of those  
18 jurisdictions can choose, at their option, what their limit would  
19 be on the income. And it's a massive undertaking to do these  
20 calculations each year.

21 CHAIRMAN LINDSAY: Okay. But what I'm envisioning  
22 here is something different, because there's a revenue stream  
23 attached to the exemptions.

24 MR. BERNARD: But who would be eligible for these  
25 exemptions?

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1 CHAIRMAN LINDSAY: Well, I think that's one of the  
2 things that we have to discuss is that if you, for a lack of a  
3 better reason, you created a local Star program, and you identified

4 a revenue source, and got permission to use that as a revenue  
5 source, I think regionally, it would have to be passed down to the  
6 towns and the schools districts. For example, if the town and the  
7 school district want to opt into this program, there's a pool of  
8 money to offset a reduction in people over seventy years old.

9 MR. BERNARD: There's been many of these different  
10 types of exemptions. Senator LaValle, last year, made a proposal  
11 that passed the Senate and died there, that it was at an age of 75,  
12 and if you had no children in the school, and you owned the same  
13 home for 30 years, you would pay zero school taxes.

14 CHAIRMAN LINDSAY: Yeah, I know. But the difference  
15 between what we're talking about and that, is the a shifting of the  
16 cost. If you exempt the people over 75, we all have to pay the  
17 difference. All right. What we're talking about is the raising of  
18 a separate revenue source, to make up the difference.

19 MR. BERNARD: I guess we'd have to identify that,  
20 and see how much money we could raise, and maybe even look to  
21 insert a circuit breaker in a Star program, regardless of age, but  
22 maybe, based just on income, which may be more progressive  
than the  
23 current Star program, which is -- you know, the enhanced Star,

and

24 that's built, you know, mostly on, you know, age and income --

25 put maybe a \$50,000 household income, or, you know, if they're a

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be

1 homeowner, and you know, regardless of their age, but they could

2 disabled, or have some other reasonable way of having a reduced

3 income screen, and still be eligible for, maybe a \$500 a year

4 Star credit or something.

5 CHAIRMAN LINDSAY: And rather than identifying

6 numerically what we're talking about, I would rather talk about

7 identifying a local source, and talk in generalities about a local

8 Star, to offset a high cost of the taxes in this area.

9 MR. BERNARD: Okay.

10 CHAIRMAN LINDSAY: And let the finite of who gets

11 it and who doesn't, be decided at a later day. Is that okay with

12 everybody?

13 MR. LIPP: Yeah. I think when we write up the

14 section on -- craft the combination of alternative tax sources --

15 so, you have all these different sources -- the last piece about

16 the Star thing, there, we need to not only speak obviously about,  
17 you know, that, that would help to reduce or minimize the  
18 likelihood of an increase, as opposed to replace, then, we could  
19 speak there clearly to the equity issues and who gets it. And  
20 there, we will probably need a little give or take on how to say  
21 that -- you know, have a complete analysis, so we could at least  
22 scope it out next time.

23 CHAIRMAN LINDSAY: And something else we've had  
24 some preliminary discussions about is, the Star program as one  
way  
25 of going. The other way of going is if you created this local

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1 pool, for a lack of a better word, to stabilize real estate taxes  
2 in the district, that --

3 LEG. NOWICK: Just so they don't go up and up  
4 every year.

5 CHAIRMAN LINDSAY: Right. You know, that under  
6 certain criteria, if a district is in dire straits, they can get  
7 additional money from the local pool, to stabilize taxes.

8 I mean there's two different concepts -- one's

9 directly to the taxpayer, and the other one is to the  
10 school district.

11 MR. LIPP: Well, I think one big issue with this  
12 last piece of the Star, the local Star piece is, are we talking, or  
13 not, at a regionalized level, because if it's a sales tax, or a  
14 mortgage tax, or whatever, that kind of money, you know,  
15 conceptually is, you know, a region-wide or county-wide pot of  
16 money, that wouldn't be tied to this exemption.

17 For instance, with sales tax, you could not  
18 determine which school district was related. That's a fact, you  
19 could not. With a mortgage tax, you could figure out which town  
20 and probably school district, yes. But it would probably be more  
21 like a regional pool. You would have to some sort of criteria, be  
22 it equitable or not equitable.

23 CHAIRMAN LINDSAY: Well, I think you would have to  
24 create -- I mean one of the problems that I think that we all agree  
25 that's wrong with our taxing system is because of the number of

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1 different entities. If you came up with a new tax, I think it  
2 would be have to be based on a regional thing, and shared

regional.

3 MR. FARKAS: Yes.

4 CHAIRMAN LINDSAY: Mel, did you want to say  
5 something.

6 MR. FARKAS: Yeah. I agree with that. It has to  
7 be regional. I think the whole number six, except for the Sin tax  
8 and the local lottery tax is just repetition of what's always been  
9 going on. Let's look at raising sales tax. We're also talking  
10 about that -- in the first part of the report, that seventy percent  
11 of 18- to 34-year-olds say they are likely to move. You can raise  
12 that to ninety percent, if you put in a mortgage tax and a transfer  
13 tax, because it's just going to make closing costs just that much  
14 harder.

15 CHAIRMAN LINDSAY: Go ahead.

16 MR. LIPP: It would be more expensive that way;  
17 correct?

18 MR. FARKAS: Well, you would drive them out faster.  
19 You would drive them out faster.

20 And truthfully, it's going to effect property values  
21 of your seniors, because, I tell you, if you put in a transfer tax  
22 of three percent, guaranteed, then, you know, the idea is to be

23 absorbed by new buyers. Truthfully, the three percent is going to  
24 come off the cost of a house. And we're in a down market right  
25 now, and I can't see leaning on any of those. The only two that I

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1 see in there, of six that are of value, is the Sim tax and the  
2 local lottery, and F, the Star tax, as Bill proposed it. I can't  
3 see of raising our sales tax. We'll drive new business out. We'll  
4 raise our mortgage tax, we'll raise a deed tax, a transfer tax,  
5 then you're just driving more people out, and that's not what we  
6 want. We want to increase them.

7 CHAIRMAN LINDSAY: And I think that we've received  
8 testimony in the lottery, that lottery isn't feasible, because we  
9 couldn't raise enough money in this region, to compete against the  
10 State Lottery, to make people want to buy into it. I think the  
11 testimony we've got, where the biggest pool of money was, was  
the  
12 VLTs.

13 MR. FARKAS: I think that's what was included in  
14 local lottery. I thought local lottery included the, you know, the  
15 VLT proposal.

16 CHAIRMAN LINDSAY: Okay.

17 MR. FARKAS: But I can't go along with the --

18 MR. LIPP: Look, I have a question, I have a  
19 question for you, because I would be interested in your particular  
20 view, because what you're saying implicitly is, the last piece, the  
21 local Star, the idea behind that -- and I'm not saying it will  
22 actually come to fruition this way, but the whole idea behind it is  
23 doing the local Star in the way we're proposing is -- would be more  
24 like a replacement, as opposed to supplementing or adding to  
25 property taxes. And the point to be made is it will control the

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1 growth in property taxes, and perhaps with a limited extent, reduce  
2 it. So, at the end of the day, you aren't not raising more money,  
3 at least conceptually. So, that if you do have a local mortgage  
4 tax -- I'm not proposing it, but if you do, conceptually, then what  
5 you're doing is, you're trading off your annual property taxes.  
6 You're keeping those under check and replacement to some extent.  
7 You don't buy that, you're saying?

8 MR. FARKAS: Not at all.

9 MR. BERNARD: Well, don't they have an increase in  
10 the east end, the land preservation for the east end?

11 MR. FARKAS: Economically, they have had an economic  
12 transfer tax. They have a transfer tax, but you're dealing with a  
13 different income, level of income, where that transfer tax is. I  
14 mean it's -- from Westhampton out, it's a different source.

15 MR. LIPP: Only five of the eastern towns including  
16 Riverhead, have a two percent transfer tax for land acquisitions.

17 MR. BERNARD: And specifically, for those five  
18 towns, for land acquisition; right?

19 MR. LIPP: And for each town separately. Brookhaven  
20 has the authority to do it, but they have not pulled the  
21 trigger on that. I don't think it was -- I think it was the STR,  
22 so I think they were thinking about doing it, but I don't think  
23 they have pulled the trigger on that.

24 MR. FARKAS: Brookhaven actually pulled the  
25 transfer tax off the ballot two years ago, because it was not a

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1 popular notation.

2 MR. LIPP: Exactly.

3 MR. FARKAS: So, I mean reintroducing something  
4 that was caused to be pulled out of -- that doesn't make sense.

5 CHAIRMAN LINDSAY: But just to keep in mind  
6 though, that this is a potpourri of things that have been talked  
7 about. And we really talked too much about what was originally  
8 option three, of some kind of stabilization program, to stabilize  
9 the taxes.

10 MR. FARKAS: Right. But I still think we have to  
11 look into the -- we have to give the people the -- the people have  
12 expressed an interest in the income tax, the local income tax. So,  
13 we have to really give them a good breakdown for why we feel  
that  
14 it would work, or why we feel it wouldn't work. But to completely  
15 minimize it, like Pearl was going, that, you know, it can't work at  
16 all. You know, it would be a tough thing to work.

17 But we have to leave that in as an option. That was  
18 a big part of what the public wanted. And I think we're here to do  
19 what the public really wants.

20 CHAIRMAN LINDSAY: I know we're at the bewitching  
21 hour. Pat, do you want to talk a little bit about the handout  
22 here, and then we'll wrap up. And somehow, we'll try and proceed

23 in have this thing wrapped up by the 27th.

24 MR. BYRNE: Sure. At the first meeting, I kind of  
25 threw out an idea off the cuff, and I really didn't think that

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1 certain things were going to be happen, to actually make it a  
2 viable idea. But strangely enough, some things have happened in  
3 Congress, where some laws regarding the State planning at the  
4 Federal level are going to change. And I've always felt that, you  
5 know, there's plenty of money in the system to spend. We just  
have  
6 to figure out either ways to spend it better, or raise additional  
7 revenues, without hitting the taxpayer with any additional bills,  
8 and that's why I thought of the State tax situation.

9 I apologize for the handout, but the sixth page is  
10 in is kind of the meat and potatoes of the bill, which did pass the  
11 House of Representatives. And it incorporates changes to both the  
12 estate tax rates and also the caps. And if this thing does pass  
13 the Senate -- it's floating around the Senate right now -- it could  
14 present us with an opportunity to tap into a different source of  
15 revenues with -- again, without raising taxes to the -- our current

16 constituents.

17           And those that are currently paying the estate tax  
18 probably can get a little bit of a discount and continue to pay.

19 The only difference would be the payee, which would be our local  
20 school districts and local governments. So, it may not be  
21 workable, you know, when we're talking about the estate tax  
today.

22 But it definitely would be palatable.

23           Again, on page six is kind of the different rates  
24 and the caps. The last two pages are the current situation, what  
25 the estate tax is, and what the rate is for '06 through '09, and

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1 just to give you an idea.

2           Now, in order for something like this to work,  
3 there's a couple of things that we would need to find out -- number  
4 one is, will this resolution pass the Senate? Again, originally, I  
5 didn't think there was a good chance for that. But they seem to  
6 have incorporated a couple of other bills, and linked it to the  
7 estate bill. Number one, is the increase in the minimum wage. So,  
8 the Democrats are happy. The Republicans obviously want this to

go

9 through. And there's one other little addition that they made, and  
10 it seems to be a bill that will increase the salaries of Congress.

11 So, there are many different reasons why this thing  
12 might go through now. If it does go through, what we would then  
13 need to find it out is, would it be legal to apply this thing at  
14 the County level? And I spoke to one Legislator, who is an  
15 attorney, who kind of gave me a funny look. So, again, that's  
16 going to be a big question. Bill, were you able to find that  
17 out?

18 CHAIRMAN LINDSAY: No, our counsel wasn't here.  
19 But my point is, what you're trying to say with this is, if the  
20 Federal government reduces the estate tax, rather than pass it on,  
21 capture some of it for local education. That's what you want to  
22 do.

23 MR. BYRNE: Uh-huh, exactly.

24 CHAIRMAN LINDSAY: But why would we link one with  
25 the other? Why don't we just throw out that -- an estate tax, as a

1 way of funding the local pool.

2 MR. KADEN: Another option in six?

3 CHAIRMAN LINDSAY: Yeah, because the estate tax has  
4 been dropping on both the State and Federal level, for several  
5 years now. It really has dropped dramatically. I think it's a  
6 very viable option for a new income source. If it was to drop  
7 again on a Federal level, yeah, there would be no pinch at all to  
8 it. You wouldn't feel it at all, because it drops on a Federal  
9 level and you implement it on a Local level.

10 But I wouldn't attach one to the other. I would  
11 just put down a local estate tax, as a way of funding education,  
12 period.

13 MR. BYRNE: Okay. I would be in agreement with  
14 that. I mean, the other guy was trying to say -- and, you know,  
15 again, being a Civic Association guy, you know, I would like the  
16 taxpayer to know that, you know, that we're not looking to  
increase  
17 what they're paying, and that there's a source at the, the Federal  
18 level that we can simply divert, which should make a lot of those  
19 people, even currently paying the estate tax very happy, because  
at  
20 least they get to see the dollars working locally.

21                   LEG. NOWICK: I just want it to be clear in my mind  
22 of what you're talking about. So, right now, Federal estate tax  
23 clicks in for a million five; right?

24                   MR. BYRNE: Uh-huh, yeah.

25                   LEG. NOWICK: And the State is at a million; is that

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1 correct?

2                   MR. BYRNE: That sounds about right, yeah.

3                   LEG. NOWICK: So, what you're saying is if the  
4 Federal government decides to raise that threshold, you're saying,  
5 almost leave it -- the outcome for Suffolk County residents would  
6 be the same. You would be still at the 1.5 million, to start  
7 paying for the Federal, but that money would go to the school  
8 district, instead. You wouldn't feel the pinch. I'm sorry,  
9 Bill.

10                   CHAIRMAN LINDSAY: Yeah. We would have a Suffolk --  
11 if we could do this -- a Suffolk County estate tax, on all revenue  
12 at a million five; you know?

13                   MR. BYRNE: Yeah. I mean, you know, again, one of  
14 the things that we would need to find out is -- and I mentioned

15 this to my friend, Dr. Lipp -- it would be helpful if we can figure  
16 out how much the Federal government collects from Suffolk  
County  
17 residents, in terms of the estate tax right now, and then we can  
18 see if that amount of money is anything. I have a feeling it might  
19 be a decent amount of money.

20 LEG. NOWICK: I think that's dependant upon how  
21 good the estate accountant is.

22 MR. BYRNE: True, true.

23 MR. KADEN: \$3.50.

24 CHAIRMAN LINDSAY: Okay. I don't -- you know,  
25 half of our Commission is left. And I don't mean to punish  
anybody

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1 that's stayed behind, but -- go ahead Michael, do you want to --

2 MR. BERNARD: Explain number seven, Bob?

3 MR. LIPP: Seven?

4 MR. KADEN: Assessment standards?

5 MR. BERNARD: Yeah, I know.

6 MR. LIPP: Oh, I think that needs to be taken off,

a 7 because we really haven't gone anywhere with that. That was like  
8 vested view.

9 MR. BERNARD: Did you circulate my e-mail, by the  
10 way?

11 MR. LIPP: No, I didn't.

12 MR. BERNARD: Okay. I sent it to Bill and Lynne,  
13 but I don't know if they had gotten it.

14 CHAIRMAN LINDSAY: What was it?

15 MR. BERNARD: Well, you asked me at the last  
16 meeting, and I can give you a copy of it here.

17 LEG. NOWICK: Great.

18 MR. BERNARD: It had to do with the county-wide  
19 assessing, an annual assessing, which we spoke about at the last  
20 meeting. And I think within a day or two, I e-mailed it to you.

21 CHAIRMAN LINDSAY: I believe I got it and read it.  
22 I don't -- why don't you share it with --

23 MR. BERNARD: It was on equalization rates. I can  
24 recirculate it to everybody on the e-mail list.

25 MR. LIPP: Are you interested in putting together

1 a small proposal related to that last --

2 MR. BERNARD: On equalization rates, looking for

3 the Commission to endorse the subsequent creation of a  
commercial

4 assessment ratio, which would, you know, help a lot in certiorari,

5 as indicated in the e-mail.

6 MR. LIPP: Maybe we should dump some of that stuff.

7 CHAIRMAN LINDSAY: But uniform across the ten towns?

8 MR. BERNARD: The ten towns supervisor -- the

9 County Supervisor Association has already endorsed the measure.

10 It's passed the Assembly three years in a row. We haven't been

11 able to get the same response, as for the bill.

12 CHAIRMAN LINDSAY: But go ahead.

13 MR. BERNARD: That's in -- that's all in my e-mail,

14 Bill.

15 CHAIRMAN LINDSAY: Would it provide us with any

16 additional income, which is over --

17 MR. BERNARD: What it would do is it would more

18 fairly equalize the market value of commercial property, for

19 certiorari proceedings. Currently, it's estimated that the average

20 taxpayer, residential taxpayer is probably paying an additional  
21 \$500 a year in property taxes, because, as commercial  
assessments  
22 are being reduced, the shift of that had to be going to the  
23 residential side.

24 CHAIRMAN LINDSAY: Does anybody else have anything  
25 else? Okay. We're going meet on the 27th at 10:00, 10:00?

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1 MR. BERNARD: Was it 10:00 or 1:00?

2 MR. LIPP: 1:00.

3 LEG. NOWICK: 1:00.

4 CHAIRMAN LINDSAY: Right, right, right, 1:00.

5 And then we picked the other date of January 11th at --

6 MR. BERNARD: That's with the --

7 LEG. NOWICK: If we can get together.

8 MR. BERNARD: -- with the State Legislators.

9 CHAIRMAN LINDSAY: Thank you very much.

10 (Time Noted: 12:47 p.m.)

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**CERTIFICATION**

2

**STATE OF NEW YORK)**

3

)

**ss:**

4

**COUNTY OF SUFFOLK)**

5

6

7 I, STEPHANIE J. VALDER, a Notary Public in and for the State  
8 of New York, do hereby certify:

9

10 THAT this is a true and accurate record of the Hearing held  
11 before the Suffolk County Homeowner's Tax Reform Commission  
on  
12 November 1, 2006, as reported and transcribed by me.

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14 IN WITNESS WHEREOF, I have hereunto set my hand this  
Ninth day  
15 of November, 2006.

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STEPHANIE J. VALDER

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